

# MICHIGAN ECONOMIC INDICATORS

A monthly newsletter on key economic indicators prepared by the Senate Fiscal Agency.

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## ECONOMIC HIGHLIGHTS

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### United States

**NOTE:** Beginning this month, the **North American Industrial Classification System (NAICS)** is used to categorize labor market data. As a result, many of the economic sectors reported have changed. Generally, more detail is available for components of the services sector. For some sectors, less detail is available, especially at the State level. Additionally, figures presented for 2003 are not comparable to 2002 data due to **changes in the surveys** used to estimate labor market information.

- The final estimate for **inflation-adjusted Gross Domestic Product (GDP)** showed growth of 1.4% in the fourth quarter of 2002, up from the preliminary estimate of 0.7%. Despite the revision, growth in the fourth quarter was still substantially below the 4.0% growth reported during the third quarter. The slower growth during the fourth quarter reflected much slower growth in personal consumption expenditures and state and local government spending as well as declines in investment and exports that more than offset increases in Federal government spending. On an annual basis, inflation-adjusted GDP grew 2.4% in 2002, compared with 0.3% growth in 2001.
- **Motor vehicle sales** fell 4.5% from January to February, after declining 11.4% from December to January. February sales were 6.9% below the year-ago level. Compared with one year ago, sales of domestically produced autos were 8.6% lower while domestic light truck sales were 9.3% lower.
- The **Consumer Price Index** rose at an annual rate of 7.5% in January and was 3.0% above the year-ago level. The overwhelming majority of the increase was due to higher energy prices, for both housing and transportation purposes. Compared with the year-ago level, energy prices were up 22.0% in February.



### Michigan

- **Michigan motor vehicle production** increased 28.7% from December to January, with automobile production 35.2% higher and light truck production up 20.6%. Compared with the year-ago level, Michigan motor vehicle production increased 1.3%, with automobile production 4.7% lower and light truck production 11.1% higher.
- The **Michigan unemployment rate** was 6.2% in January, compared with the U.S. average of 5.7%. January marked the 26<sup>th</sup> consecutive month that the Michigan average has been above the U.S. average. The last time the Michigan unemployment rate was below the U.S. average was October 2000.
- **Tax revenue** from Michigan's 12 major taxes totaled \$1,895.5 million in January and was 1.2% below revenues in January 2002. Including January's receipts, fiscal year-to-date revenues were 1.8% below last year's total. The decline in January revenues is attributable to lower single business tax and sales tax receipts that were not completely offset by increased income tax withholding, State education property tax, and real estate transfer tax receipts.



JANUARY 2003

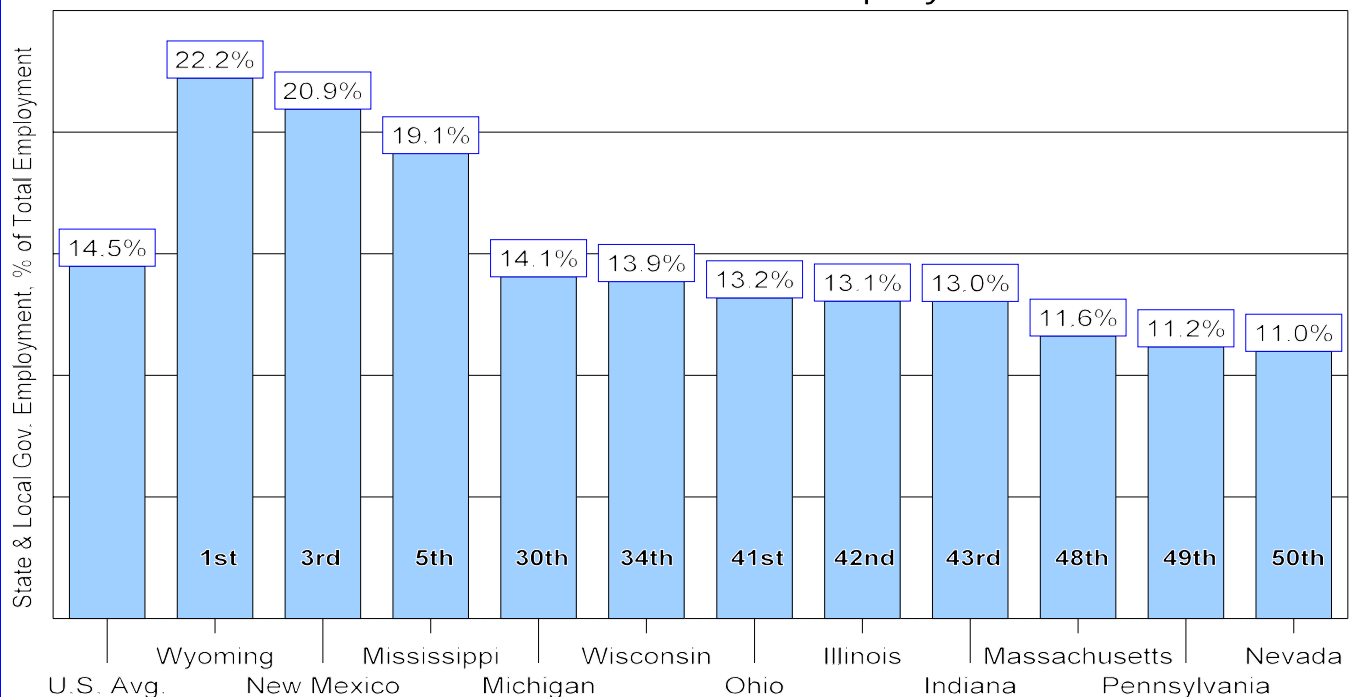
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<b>U.S. &amp; MICHIGAN LABOR MARKET NEWS</b> (Seasonally Adjusted, Thousands)							
<b>U.S.</b>	<b>Mar. 2003</b>	<b>Feb. 2003</b>	<b>Mar. 2002</b>	<b>Change From Feb.</b>		<b>Change From Year Ago</b>	
				<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Labor Force	145,793	145,857	144,367	(64)	(0.0)%	1,426	1.0%
Employment	137,348	137,408	136,143	(60)	(0.0)	1,205	0.9
Unemployment	8,445	8,450	8,224	(5)	(0.1)	221	2.7
Unemployment Rate	5.8%	5.8%	5.7%	—	—	—	—
<b>Michigan</b>	<b>Jan. 2003</b>	<b>Dec. 2002</b>	<b>Jan. 2002</b>	<b>Change From Dec.</b>		<b>Change From Year Ago</b>	
				<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Labor Force	5,103	4,941	5,070	162	3.3%	33	0.7%
Employment	4,786	4,634	4,755	152	3.3	31	0.7
Unemployment	317	307	315	10	3.3	2	0.5
Unemployment Rate	6.2%	6.2%	6.2%	—	—	—	—

**Source:** Bureau of Labor Statistics, U.S. Department of Labor

## State & Local Government Employment, 2002

### Share of Total Nonfarm Employment



**Source:** Bureau of Labor Statistics, U.S. Department of Labor

**MICHIGAN WAGE AND SALARY EMPLOYMENT  
(Seasonally Adjusted, Thousands)**

	Jan. 2003*	Dec. 2002	Jan. 2002	Change from Dec.		Change from Yr Ago	
				Number	Percent	Number	Percent
<b>Total Nonagricultural Jobs</b>	4,446	4,451	4,477	(5)	(0)%	(31)	(1)%
<b>Goods Producing Industries</b>	963	960	977	3	0	(14)	(1)
Natural Resources & Mining	7	8	9	(1)	(9)	(1)	(15)
Construction	203	200	206	4	2	(3)	(1)
Manufacturing	752	753	762	(0)	(0)	(10)	(1)
<b>Service Producing Industries</b>	3,483	3,491	3,500	(8)	(0)	(18)	(1)
Trade, Transportation & Utilities	829	836	838	(7)	(1)	(8)	(1)
Information	75	74	76	1	1	(1)	(2)
Financial Activities	213	215	213	(2)	(1)	(0)	(0)
Professional & Business Services	575	580	592	(4)	(1)	(17)	(3)
Education & Health Services	538	536	524	1	0	14	3
Leisure & Hospitality Services	388	382	393	6	2	(5)	(1)
Other Services	176	177	174	(1)	(1)	2	1
Government	688	691	689	(3)	(0)	(1)	(0)

**Source:** Bureau of Labor Statistics, U.S. Department of Labor

\* Preliminary

**MICHIGAN AVERAGE WEEKLY HOURS AND EARNINGS  
(Not Adjusted For Seasonal Variations)**

Industry	Average Weekly Hours			Average Weekly Earnings		
	Dec. 2002	Year Ago	Percent Change	Dec. 2002	Year Ago	Percent Change
Natural Resources, Mining & Construction	37.9	38.3	(1.0)%	\$843.65	\$818.09	3.1%
Manufacturing	43.0	42.2	1.9	902.57	842.31	7.2
Durable Goods	44.0	42.9	2.6	986.04	912.48	8.1
Motor Vehicle Manufacturing	43.7	44.0	(0.7)	1,300.08	1,245.64	4.4
Motor Vehicle Parts Manufacturing	46.0	43.2	6.5	1,194.16	1,056.67	13.0
Nondurable Goods	39.1	39.5	(1.0)	560.30	549.84	1.9
Wholesale Trade	35.8	37.3	(4.0)	671.61	693.03	(3.1)
Retail Trade	28.0	28.0	0.0	305.48	313.60	(2.6)
General Merchandise Stores	26.7	26.1	2.3	267.53	261.00	2.5
Grocery Stores	24.9	25.4	(2.0)	233.81	230.89	1.3
Information	32.5	32.8	(0.9)	520.00	501.18	3.8
Financial Activities	37.1	35.3	5.1	557.24	539.74	3.2
Professional & Business Services	32.7	33.8	(3.3)	548.71	545.19	0.6
Health Care & Social Assistance	33.8	33.1	2.1	546.55	527.61	3.6
Leisure & Hospitality	21.4	21.4	0.0	171.63	166.06	3.4
Auto. Repair & Maintenance	36.2	37.2	(2.7)	545.17	526.01	3.6
Personal & Laundry Services	24.9	25.2	(1.2)	318.97	362.63	(12.0)

**Source:** U.S. Department of Labor, Bureau of Labor Statistics

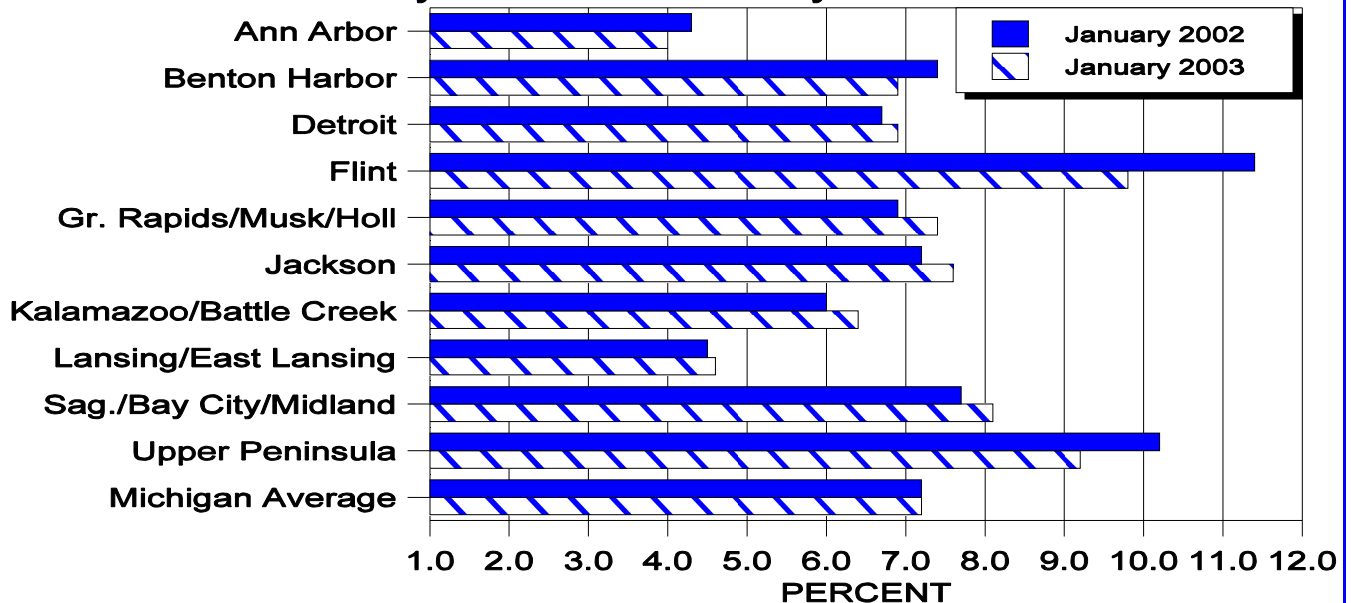
**MICHIGAN UNEMPLOYMENT RATES  
BY SELECTED METROPOLITAN AREAS AND MULTI-COUNTY AREAS  
(Not Adjusted for Seasonal Variations)**

	Jan. 2003*	Dec. 2002	Nov. 2002	Jan. 2002
<b>Metropolitan Statistical Areas</b>				
Ann Arbor	4.0%	3.2%	NA	4.3%
Benton Harbor	6.9	5.6	NA	7.4
Detroit	6.9	5.7	NA	6.7
Flint	9.8	7.7	NA	11.4
Grand Rapids	7.4	6.1	NA	6.9
Jackson	7.6	6.3	NA	7.2
Kalamazoo-Battle Creek	6.4	5.2	NA	6.0
Lansing-East Lansing	4.6	3.8	NA	4.5
Saginaw-Bay City-Midland	8.1	6.2	NA	7.7
<b>Multi-County Areas</b>				
Northeast Lower Michigan	12.7	9.7	NA	13.5
Northwest Lower Michigan	9.0	7.1	NA	9.2
Upper Peninsula	9.2	7.1	NA	10.2
<b>Michigan Statewide Average</b>				
--Unadjusted (comparable to figures shown above)	7.2%	5.8%	5.6%	7.2%

Source: Michigan Department of Career Development - Employment Service Agency

\* Preliminary

**Michigan Regional Unemployment Rates  
January 2002 and January 2003**



Source: Michigan Department of Career Development - Employment Service Agency

### MOTOR VEHICLE SALES AND PRODUCTION STATISTICS (Thousands of Units)

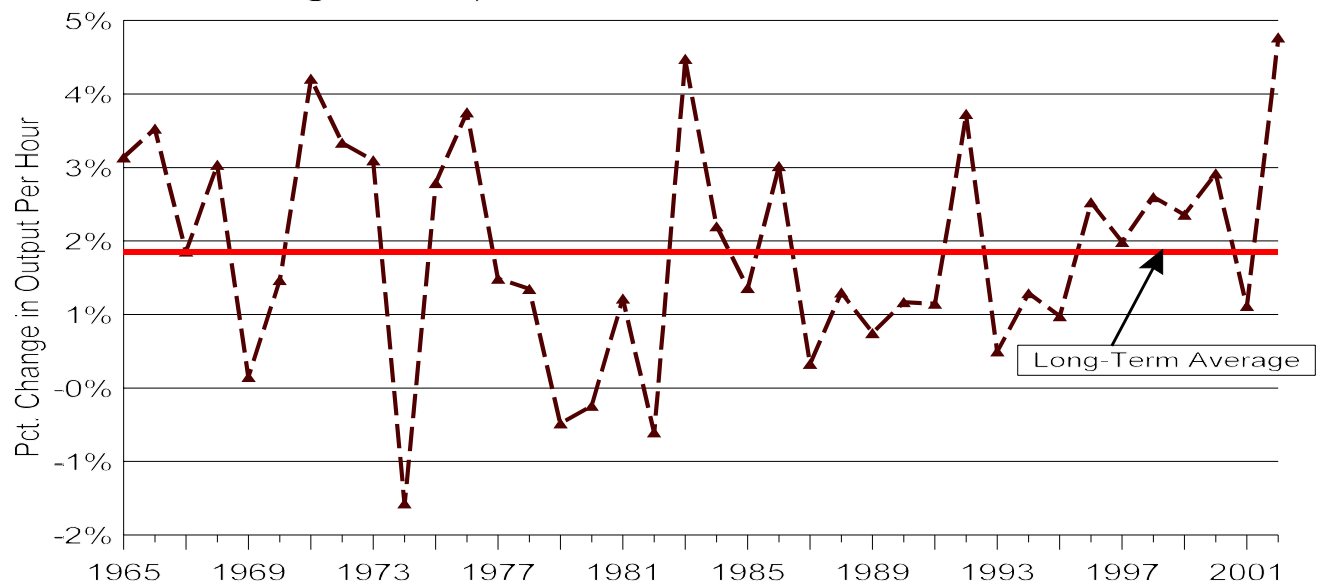
	Feb. 2003	Jan. 2003	Dec. 2002	Nov. 2002	Year Ago Feb.	<u>Percent Change From:</u>	
						Feb./Jan.	Feb. 2003/ Feb. 2002
<b>Motor Vehicle Sales<sup>1,2)</sup></b>							
Autos	7,333	8,144	8,416	7,891	7,901	(10.0)%	(7.2)%
Domestics	5,177	5,898	6,148	5,587	5,665	(12.2)	(8.6)
Imports	2,156	2,246	2,268	2,304	2,236	(4.0)	(3.6)
Import Share	29.4%	27.6%	26.9%	29.2%	28.3%	---	---
Light Trucks	8,013	7,951	9,790	8,047	8,625	0.8	(7.1)
Domestics	6,891	6,858	8,655	6,973	7,596	0.5	(9.3)
Imports	1,122	1,093	1,135	1,074	1,029	2.7	9.0
Import Share	14.0%	13.7%	11.6%	13.3%	11.9%	---	---
Heavy Trucks	384	370	386	421	376	3.8	2.1
Total	15,730	16,465	18,592	16,359	16,902	(4.5)	(6.9)
<b>U.S. Motor Vehicle Production<sup>1,2)</sup></b>							
Autos	4,534	5,300	4,398	4,600	5,417	(14.5)	(16.3)
<b>Michigan Motor Vehicle Production<sup>2,3)</sup></b>							
Autos	1,459	1,874	1,386	1,520	1,896	(22.2)	(23.0)
Trucks	1,184	1,344	1,114	1,134	872	(11.9)	35.8
Total	2,643	3,219	2,501	2,655	2,767	(17.9)	(4.5)
Michigan Production as % of U.S.	22.5%	23.6%	22.7%	22.7%	23.8%	---	---
<b>U.S. Motor Vehicle Inventories<sup>4)</sup></b>							
Total Car	1,829	1,756	1,654	1,694	1,549	4.2	18.1
Days Supply	73	78	64	75	58	(6.4)	25.9
Total Truck	2,116	1,986	1,812	1,977	1,662	6.6	27.3
Days Supply	82	94	56	83	60	(12.8)	36.7

**Sources:** 1) U.S. Department of Commerce, Bureau of Economic Analysis. 2) SAAR = Seasonally Adjusted at Annual Rates.

3) Michigan Department of Treasury, Office of Revenue and Tax Analysis and the Senate Fiscal Agency. 4) Automotive News, Crain Communications, Inc. (ending inventory)

## Productivity Remains Above Long-Term Average

Percent Change in Output Per Hour in Nonfarm Business Sectors



Source: Bureau of Labor Statistics, U.S. Department of Labor

OTHER KEY ECONOMIC INDICATORS

Variable	Latest Period	Actual Data			Percent Change From:	
		Latest Period	Previous Period	Year Ago	Previous Period*	Year Ago
<b>Weekly Leading Index</b> , monthly <sup>1)</sup> (1992=100)	Feb.	118.8	119.9	119.3	(0.9)%	(0.4)%
<b>Coincident Index</b> <sup>1)</sup> (1992=100)	Feb.	137.5	137.6	135.5	(0.1)	1.5
<b>Housing Starts, U.S.</b> <sup>2)</sup> (thousands of units, SAAR)	Feb.	1,622	1,822	1,788	(11.0)	(9.3)
<b>Retail Sales, U.S.</b> <sup>2)</sup> (billions, seasonally adjusted)	Feb.	\$275.1	\$279.9	\$268.3	(1.7)	2.5
<b>Industrial Production Index</b> <sup>3)</sup> (1992=100) (seasonally adjusted)	Feb.	111.1	111.0	109.2	0.1	1.8
<b>Capacity Utilization</b> <sup>3)</sup> (% of total capacity, seasonally adjusted)	Feb.	75.6	75.6	75.1	0.0	0.6
<b>Consumer Price Index</b> <sup>4)</sup> (1982-84=100) U.S. (seasonally adjusted)	Feb.	183.3	182.2	177.9	7.5	3.0
Detroit (not seasonally adjusted)	Feb.	182.4	179.7	176.2	9.4	3.5
<b>Interest Rates</b>						
3-month Treasury Bill <sup>3)</sup>	Feb.	1.16%	1.17%	1.73%	---	---
Corporate Aaa Bonds <sup>3)</sup>	Feb.	5.95%	6.17%	6.51%	---	---
<b>Real Gross Domestic Product</b> <sup>5)</sup> (billions of 1996 \$, SAAR, chain-weighted)	2002 4th Qtr.	\$9,518.2	\$9,485.6	\$9,248.8	1.4	2.9
<b>Michigan Tax Collections</b> <sup>6)</sup> (12 major taxes, millions)	Jan. 2003	\$1,895.5	\$1,570.0	\$1,917.6	NM	(1.2)

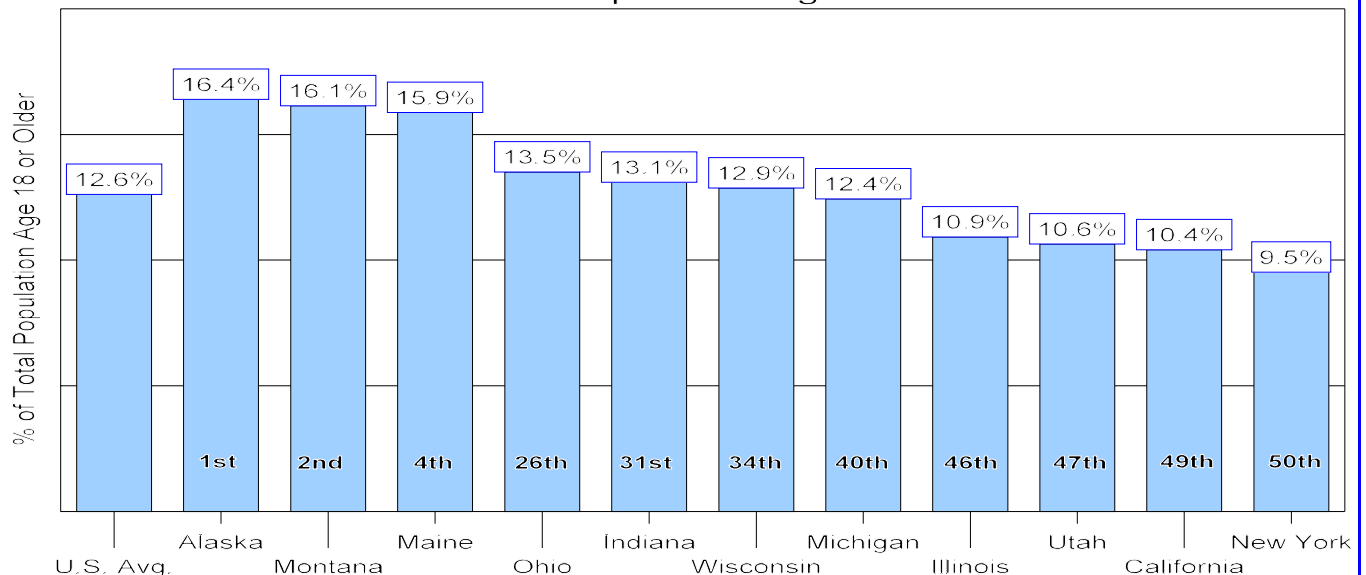
SAAR = Seasonally Adjusted at Annual Rates. NM = Not Meaningful.

Revenue data vary greatly from month-to-month due to timing and other noneconomic factors.

\*Note: Percent changes from previous period for CPI and GDP at annual rate.

**Sources:** 1) Economic Cycle Research Institute 2) U.S. Department of Commerce, Bureau of the Census 3) Board of Governors of the Federal Reserve System 4) U.S. Department of Labor, Bureau of Labor Statistics 5) U.S. Department of Commerce, Bureau of Economic Analysis 6) Michigan Department of Treasury and the Senate Fiscal Agency.

Veteran Population, 2000 Census  
Share of Total Population Age 18 or Older



Source: U.S. Department of Veterans Affairs